



Media Statement

24 November 2011

COMMERCE COMMISSION MEDIA RELEASE – DECISIONS RE AMENDMENTS TO THE TELECOMMUNICATIONS ACT

The Commerce Commission has today released three decisions that follow recent amendments to the Telecommunications Act. The Commerce Commission's statement is attached.

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Contact:

For media queries, please contact:

Ian Bonnar
Corporate Communications Manager
+64 (0) 27 215 7564

For investor enquiries, please contact:

Stefan Knight
Head of Investor Relations
+64 (0) 27 252 9438

Media Release

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Commerce Commission publishes three decisions that implement Telco Act amendments

The Commerce Commission today released three decisions which follow recent amendments to the Telecommunications Act. The amendments require the Commission to review some of the current standard terms determinations (STDs) ahead of the structural separation of Telecom into Chorus and Telecom Retail.

The first decision makes more than 400 substantive amendments to six STDs which are necessary as a consequence of the structural separation of Telecom and the legislative amendments.

The second decision sets the price and non-price terms for a new service, the Unbundled Copper Low Frequency Voice Service (UCLFS), created by the Amendment Act and which is available from separation day. The UCLFS enables telecommunications companies to provide a voice service to their customers using the low frequency band in Telecom's copper local loop network.

The third decision is a review of the unbundled copper local loop (UCLL), unbundled bitstream access (UBA) and sub-loop (SLU) services STDs to set geographically averaged prices for these services. The Commission has set these geographically averaged prices by undertaking a simple averaging of the existing different urban and non urban UCLL prices, and flowing that averaged price through to UBA and SLU prices.

In this third decision, the Commission updated the Naked UBA price to ensure price relativity between UCLL and UBA. The new UBA prices will apply for new UBA customers from separation day; existing customers will continue to receive the UBA service at the current price. In contrast, the new prices for UCLL and SLU will apply from three years after Telecom's structural separation. Separation day is expected to be 30 November 2011.

The UCLL service allows telecommunications companies to use Telecom's copper network between the exchange and the customer's premises to provide their own broadband service. The UCLF Service allows telecommunications companies to use the low frequency of Telecom's copper loop to deliver voice services without having to replicate the local loop.

You can view the decisions on the Commission's website.

Consequential changes review: www.comcom.govt.nz/consequential-changes-review-of-stds

UCLFS service STD: www.comcom.govt.nz/chorus-unbundled-copper-low-frequency-service-std

UCLL averaging STD: www.comcom.govt.nz/review-to-average-ucll-sub-loop-ucll-and-uba-prices

Background

The **Telecommunications (TSO, Broadband, and Other Matters) Amendment Act 2011** (Amendment Act) provides for the structural separation of Telecom into two new companies; a wholesale network access provider, Chorus, and a retail service provider, Telecom Retail. The Amendment Act also made a number of changes to the service descriptions for certain regulated services, including the introduction of geographically averaged pricing for UCLL.

Section 72 of the Amendment Act requires the Commission to amend its standard terms determinations (STDs) for a number of regulated services in order to give effect to these changes.

In addition, s74 of the Act requires the Commission to determine a new service, the UCLFS service.

These changes do not have effect until the separation of Telecom on separation day. Following separation day, the Commission website will be updated to show the current versions of these STDs as modified by the Commission's decision.

A number of STDs will be changed as a result of the Commission's decisions:

- Unbundled copper local loop service (UCLL)
- Unbundled copper local loop co-location service (UCLL co-location)
- Unbundled copper local loop backhaul service (UCLL backhaul)
- Sub-loop services, including sub-loop UCLL, sub-loop co-location, and sub-loop backhaul (SLU)
- Unbundled bitstream access (UBA)
- Unbundled bitstream access backhaul service (UBA backhaul)

The **standard terms determination** that regulates the price and non-price terms for the UCLL and UBA services and related documents can be found at: www.comcom.govt.nz/standard-terms-determinations

The **unbundled copper low frequency service** (UCLFS) enables telecommunications companies to have access to the low frequency portion (being the frequency band between 300 and 3400Hz) of the unbundled copper local loop (UCLL) network. When telecommunications companies have this service they can supply voice services to retail customers without needing to replicate the local loop.

Media contact:	Allanah Kalafatelis, Communications Manager Phone work (04) 924 3708, mobile 021 225 4417
	Victoria Parry, Senior Communications Adviser Phone work (04) 924 3709, mobile 021 225 4454

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